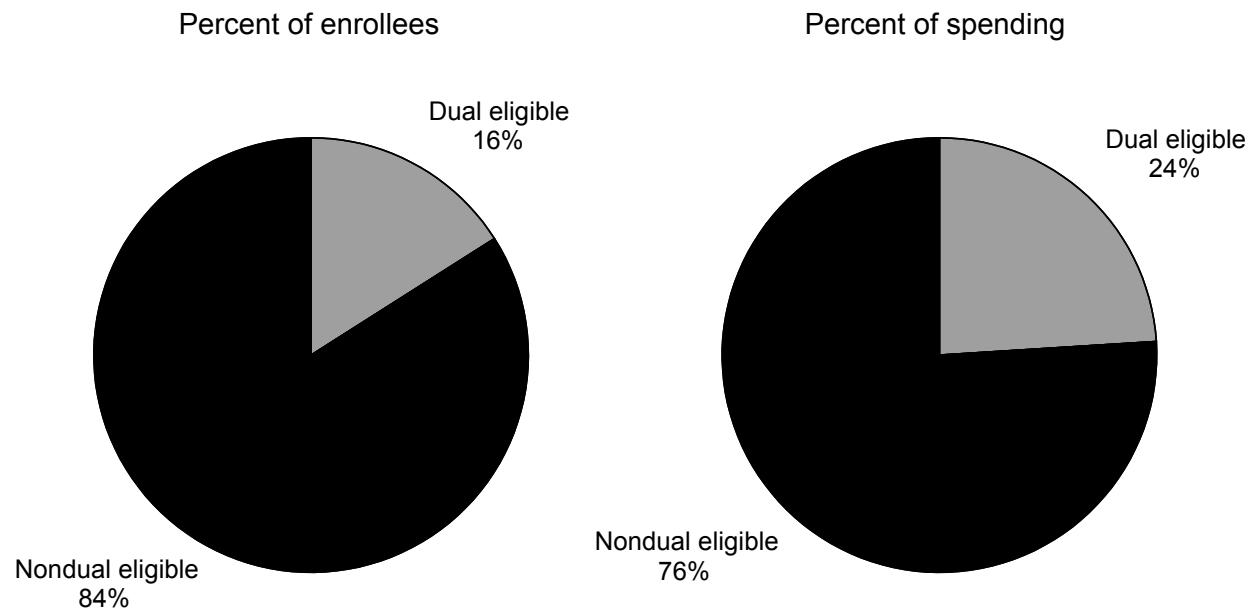


S E C T I O N

3

Dual-eligible beneficiaries

Chart 3-1. Dual-eligible beneficiaries account for a disproportionate share of Medicare spending, 2003

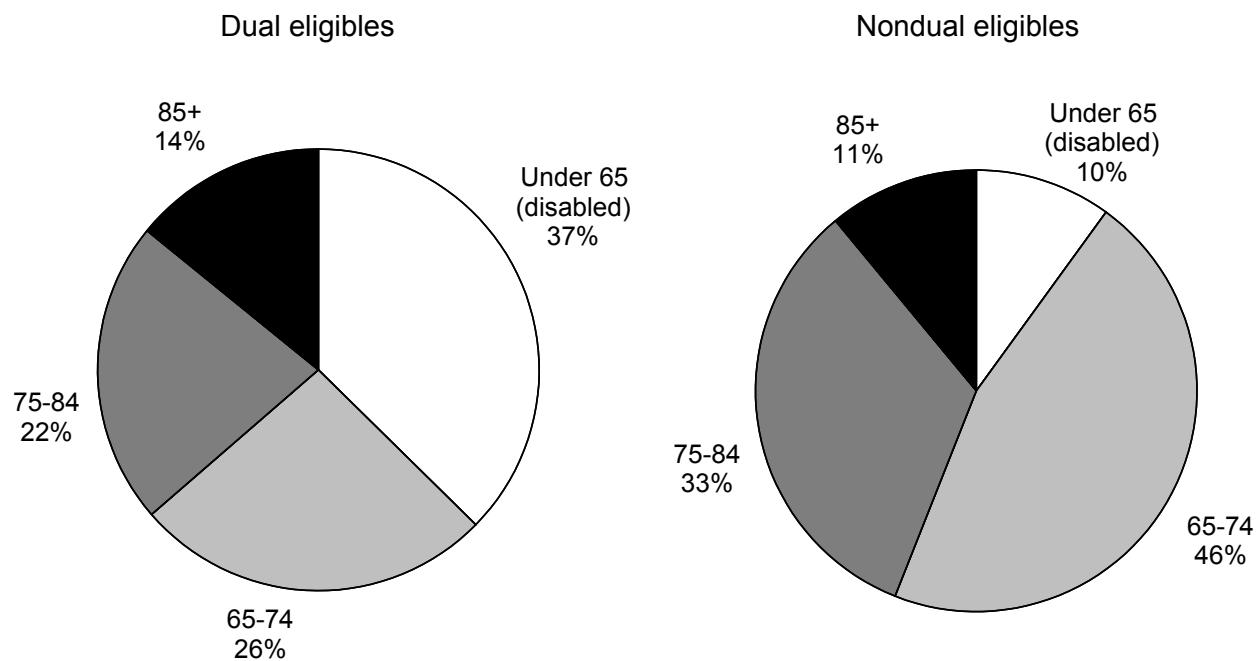


Note: Dual eligibles are designated as such if the months they qualify for Medicaid exceed months they qualify for other supplemental insurance.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2003.

- Dual-eligible beneficiaries are those who qualify for both Medicare and Medicaid. Medicaid is a joint federal and state program designed to help low-income persons obtain needed health care.
- A disproportionate share of Medicare expenditures is spent on dual-eligible beneficiaries: Dual eligibles account for 16 percent of Medicare beneficiaries and 24 percent of Medicare spending.
- Dual eligibles cost Medicare about 1.6 times as much as nondual eligibles: \$9,595 is spent per dual-eligible beneficiary, and \$6,023 is spent per nondual-eligible beneficiary.
- Total spending—which includes spending by Medicare, Medicaid, supplemental insurance, and out-of-pocket across all payers—for dual eligibles averaged about \$20,941 per person in 2003, almost twice the amount for other Medicare beneficiaries.

Chart 3-2. Dual eligibles are more likely than nondual eligibles to be disabled or over 85 years old, 2003

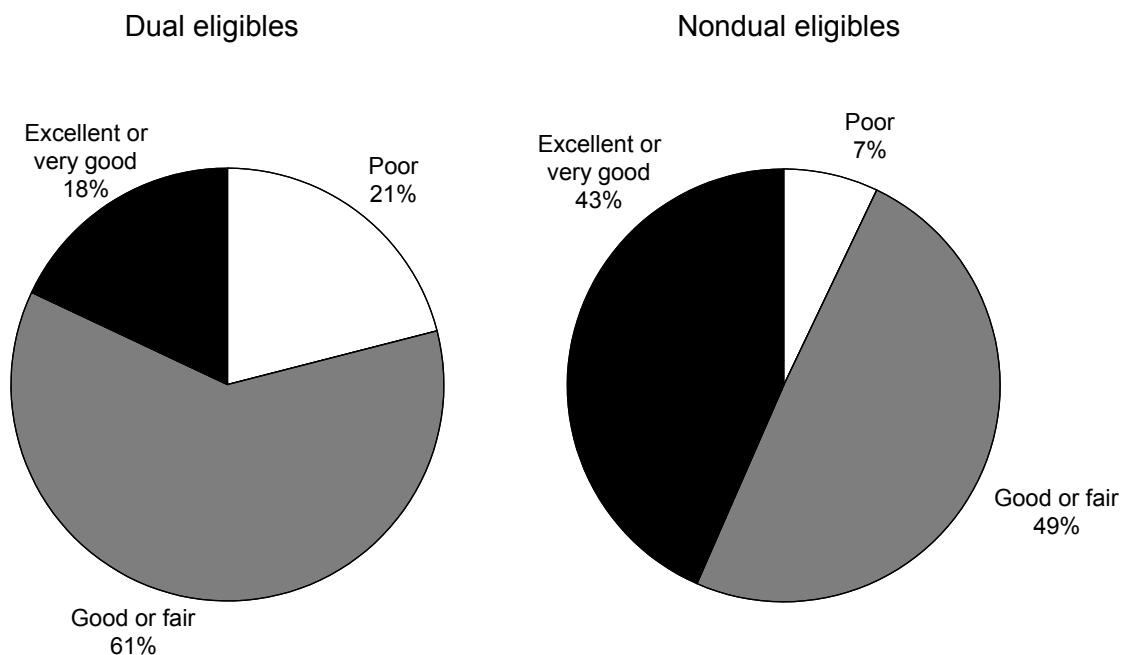


Note: Beneficiaries who are under age 65 qualify for Medicare because they are disabled. Once disabled beneficiaries reach age 65, they are counted as aged.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2003.

- More than one-third of dual eligibles are disabled, compared with only 10 percent of the nondual-eligible population. Dual eligibles are also somewhat more likely than nondual eligibles to be age 85 or older.

Chart 3-3. Dual eligibles are more likely than nondual eligibles to report poorer health status, 2003



Note: Totals may not sum to 100 percent due to missing responses.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2003.

- Relative to nondual eligibles, dual eligibles report poorer health status. The majority report good or fair status, but about 20 percent of the dual-eligible population report being in poor health (compared with less than 10 percent of the nondual-eligible population).
- Dual eligibles are more likely to suffer from cognitive impairment and mental disorders, and they have higher rates of diabetes, pulmonary disease, stroke, and Alzheimer's disease than do nondual eligibles.
- Nineteen percent of dual eligibles reside in institutions, compared with 2 percent of nondual eligibles.

Chart 3-4. Demographic differences between dual eligibles and nondual eligibles, 2003

Characteristic	Percent of dual-eligible beneficiaries	Percent of nondual-eligible beneficiaries
Sex		
Male	37%	45%
Female	63	55
Race/ethnicity		
White, non-Hispanic	54	83
African American, non-Hispanic	22	7
Hispanic	16	6
Other	8	3
ADLs		
No ADLs	46	70
1–2 ADLs	23	19
3–6 ADLs	31	10
Residence		
Urban	72	77
Rural	28	23
Living arrangement		
Institution	19	2
Alone	30	28
Spouse	18	55
Children, nonrelatives, others	32	14
Education		
No high school diploma	57	25
High school diploma only	23	31
Some college or more	17	43
Income status		
Below poverty	57	8
100–125% of poverty	21	8
125–200% of poverty	15	21
200–400% of poverty	4	35
Over 400% of poverty	1	27
Supplemental insurance status		
Medicare or Medicare/Medicaid only	91	12
Medicare managed care	1	15
Employer	1	40
Medigap	1	25
Medigap/employer	0	5
Other*	7	2

Note: ADL (activity of daily living). Dual eligibles are designated as such if the months they qualify for Medicaid exceed the months they qualify for other supplemental insurance. Urban indicates beneficiaries living in metropolitan statistical areas (MSAs). Rural indicates beneficiaries living outside MSAs. In 2003, poverty was defined as \$8,825 for people living alone and \$11,133 for married couples. Totals may not sum to 100 percent due to rounding.

*Includes public programs such as the Department of Veterans Affairs and state-sponsored drug plans.

Source: MedPAC analysis of Medicare Current Beneficiary Survey, Cost and Use file, 2003.

- Dual eligibles qualify for Medicaid due to low incomes: Fifty-seven percent live below the poverty level, and 93 percent live below 200 percent of poverty. Compared to nonduals, dual eligibles are more likely to: be female, African American, or Hispanic; lack a high school diploma; have greater limitations in activities of daily living; reside in a rural area; and live in an institution, alone, or with persons other than a spouse.

Chart 3-5. Differences in spending and service use between dual eligibles and nondual eligibles, 2003

Service	Dual-eligible beneficiaries	Nondual-eligible beneficiaries
Average Medicare payment for all beneficiaries		
Total Medicare payments	\$9,595	\$6,023
Inpatient hospital	4,224	2,250
Physician ^a	2,640	1,584
Outpatient hospital	1,149	520
Home health	564	206
Skilled nursing facility ^b	697	257
Hospice	204	131
Percent of beneficiaries using service		
Percent using any type of service	92.5%	87.8%
Inpatient hospital	27.2	16.3
Physician ^a	90.5	74.2
Outpatient hospital	72.2	54.0
Home health	10.8	5.7
Skilled nursing facility ^b	8.1	3.1
Hospice	2.3	1.5

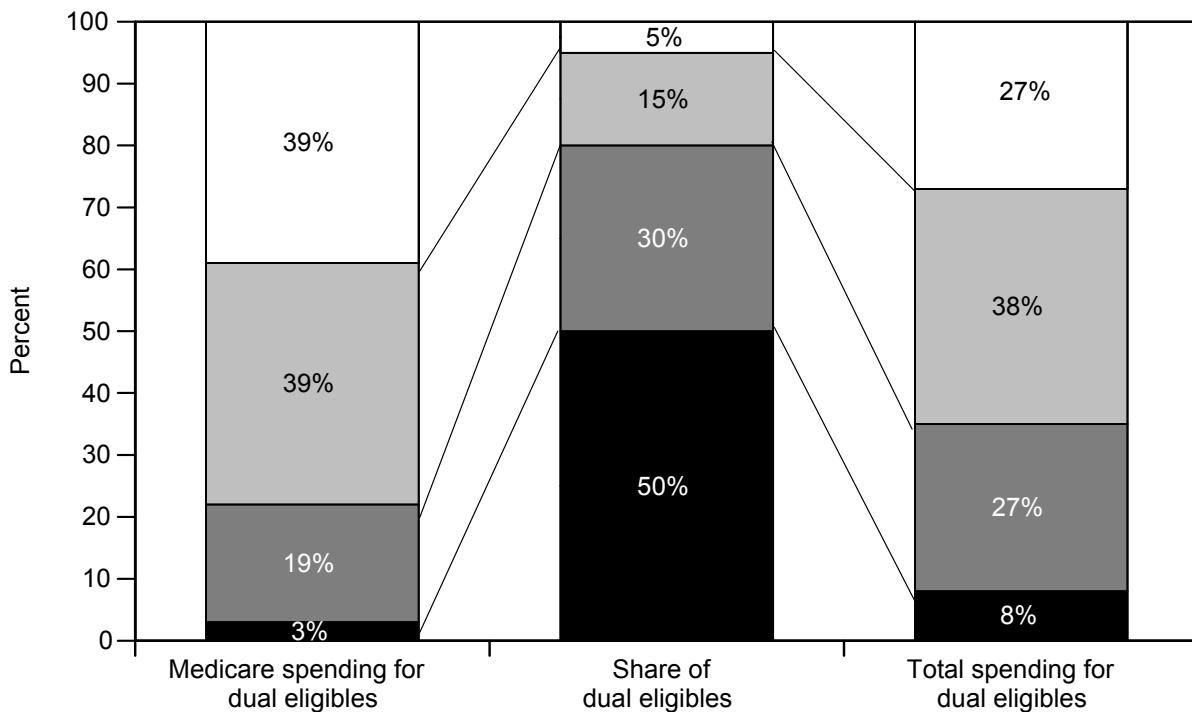
Note: ^aIncludes a variety of medical services, equipment, and supplies.

^bIndividual short-term facility (usually skilled nursing facility) stays for the Medicare Current Beneficiary Survey population.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2003, which updates the previous analysis by Liu et al. in 1998.

- Average per capita spending for dual eligibles is 53 percent higher than for nondual eligibles—\$9,595 compared to \$6,023.
- For each type of service, average Medicare per capita payments are higher for duals than nonduals. The largest percentage difference between the two groups is in skilled nursing facility (SNF) and home health services, for which Medicare spends over twice as much on duals as on nonduals.
- Higher average per capita spending for duals is a function of both a higher proportion of duals using services than nonduals, as well as greater volume or intensity of use among those using services. A higher proportion of duals than nonduals use at least one Medicare-covered service—93 versus 88 percent.
- Duals are more likely to use each type of Medicare-covered service than nonduals; for example, duals are more than twice as likely to use SNF services.

Chart 3-6. Both Medicare and total spending are concentrated among dual-eligible beneficiaries, 2003



Note: Total spending includes Medicare, Medicaid, supplemental insurance, and out-of-pocket spending.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use files, 2003.

- Annual Medicare spending is concentrated among a small number of dual-eligible beneficiaries. The costliest 20 percent of duals accounts for 78 percent of Medicare spending on duals; in contrast, the least costly 50 percent of duals accounts for only 3 percent of Medicare spending on duals. Of the 1 percent of all beneficiaries for whom Medicare spending is the highest, one-third are dual eligible. Similarly, of the costliest 5 percent of beneficiaries, a quarter are dual eligible.
- The distribution of total spending for dual eligibles is similar, but somewhat less concentrated than the distribution of Medicare spending. For example, the top 5 percent of duals accounts for 27 percent of total spending, which includes Medicare, Medicaid, supplemental insurance, and out-of-pocket spending (compared with 39 percent of Medicare spending).
- On average, total spending for duals is almost twice as high as that for nonduals—\$20,941 compared to \$11,377.

Chart 3-7. Dual-eligible beneficiaries report generally good access to care

Question	Dual-eligible beneficiaries	Nondual-eligible beneficiaries
Do you have a personal doctor or nurse? Yes	83.1%	90.4%
In the last 6 months, if you needed care right away, did you usually or always get care as soon as you wanted? Yes	87.8	93.0
In the last 6 months, if you made any appointments with a doctor or health care provider, how often did you get an appointment as soon as you wanted? Usually or always	85.8	92.2

Source: MedPAC analysis of CAHPS (Consumer Assessment of Health Plans Survey) for fee-for-service Medicare, 2004.

- Dual-eligible beneficiaries often possess characteristics associated with needing care—limitations in activities of daily living and poor health status, for example—as well as having difficulty obtaining care—such as being poor and poorly educated.
- Survey results indicate that most duals report generally good access to care, although somewhat lower than beneficiaries with other sources of supplemental insurance.

Web links. Dual-eligible beneficiaries

- Chapter 3 of the MedPAC June 2004 Report to the Congress provides further information on dual-eligible beneficiaries.

http://www.medpac.gov/publications/congressional_reports/June04_ch3.pdf

- The Kaiser Family Foundation provides information on dual-eligible beneficiaries.

<http://kff.org>

- The CMS Medicaid Chartbook provides information on the Medicaid program.

<http://www.cms.hhs.gov/thechartseries/downloads/2tchartbk.pdf>